CORRECTED COPY - Def. Doc. #7

No. 38.

Showa 6 13576 Simple Cipher Dispatched from Shanghai, afternoon, 21. 9.

Received in the forenoon,

25. 9.

To Foreign Minister Shidehara From Minister Shigemitsu No. 1030.

On the 24th, the China Press has published a dispatch from Nanking reporting that the Japanese Government has made public the rejection by the National Government of the unofficial preposal of T. V. Soong regarding the establishment of a joint commission made to Minister Shigemitsu on the 19th, because the latest developments of the incident have made it impossible to put the proposal in practice, (in publishing this kind of unofficial talk, the name of T. V. Soong should better not be given, in consideration of future negotiations), reporting at the same time a communique of the National Government on this matter which follows.

Mr. Soong, Vice President of Yuan, stated, at a private talk with Minister Shigemitsu on the 19th, that prompt organization of a commission would be possible to make factual investigations in order to prevent the friendly relations between the two countries from deteriorating. As organs of communications were at that time occupied by the Japanese military, he had only information giving him impressions that the incident was a purely local clash. But the warlike nature of the military operations of the Japanese Army having been made clear, and aggression continuing, the National Government has appealed to the League of Nations, which has made a decision to discuss the matter at 5 o'clock (Nanking time) on the 22nd. At noon of the same day, the Japanese Consul at Nanking called on Mr. T. V. Soong and communicated to him that the Japanese Government agreed to set up the aforesaid commission. Thereupon Mr. T. V. Soong, representing the Government, communicated to him that all prospects for direct negotiations were absolutely frustrated owing to the invasion of Chinese territory by the Japanese Army.

Reported by telegram to Peiping, Mukden and Nanking, and reported to Shanghai.